

State of South Dakota

EIGHTY-FOURTH SESSION
LEGISLATIVE ASSEMBLY, 2009

400Q0081

HOUSE BILL NO. 1059

Introduced by: The Committee on Commerce at the request of the Department of Revenue
and Regulation

1 FOR AN ACT ENTITLED, An Act to define and prohibit controlled business in insurance.

2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

3 Section 1. That chapter 58-30 be amended by adding thereto a NEW SECTION to read as
4 follows:

5 As used in this chapter, the term, controlled business, means insurance written on the
6 interests of the producer, producer's immediate family, or producer's employer; or insurance
7 covering the producer, the members of the producer's immediate family, a business entity, or
8 the officers, directors, substantial stockholders, partners, or employees of such a business entity
9 of which the producer or member of the producer's immediate family is an officer, a director,
10 a substantial stockholder, a partner, an associate, or an employee.

11 Section 2. That chapter 58-30 be amended by adding thereto a NEW SECTION to read as
12 follows:

13 The director may not grant, renew, continue, or permit to continue any license if the director
14 determines that the license is being used, will be used, or has been used by the applicant or
15 producer for the purpose of writing controlled business. A producer license is deemed to have



1 been or intended to be used for the purpose of writing controlled business if the director
2 determines that during any twelve month period the aggregate commissions earned from the
3 controlled business exceeded thirty percent of the aggregate commissions earned on all business
4 written by the producer during the same period of time.

5 Section 3. That chapter 58-30 be amended by adding thereto a NEW SECTION to read as
6 follows:

7 A business entity, that is incorporated or a partnership, is considered to be writing controlled
8 business pursuant to section 2 of this Act if the aggregate commissions on business written by
9 the business entity covering the owners, stockholders, members, or partners of the business
10 entity constitute more than thirty percent of the aggregate commissions earned by that business
11 entity on all business written during any twelve month period of time.

12 Section 4. That chapter 58-30 be amended by adding thereto a NEW SECTION to read as
13 follows:

14 The provisions of sections 1 to 3, inclusive, of this Act, do not apply to insurance written
15 in connection with credit transactions, including title insurance.